

# HOUSE BILL REPORT

## SHB 2719

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**As Passed House:**  
February 18, 2014

**Title:** An act relating to creating the facilities review council.

**Brief Description:** Creating the facilities review council.

**Sponsors:** House Committee on Capital Budget (originally sponsored by Representatives Dunshee and DeBolt).

**Brief History:**

**Committee Activity:**

Capital Budget: 2/6/14, 2/10/14 [DPS].

**Floor Activity:**

Passed House: 2/18/14, 97-0.

**Brief Summary of Substitute Bill**

- Creates the Facility Review Council to review and recommend leasing policies.

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### HOUSE COMMITTEE ON CAPITAL BUDGET

**Majority Report:** The substitute bill be substituted therefor and the substitute bill do pass. Signed by 13 members: Representatives Dunshee, Chair; Stanford, Vice Chair; DeBolt, Ranking Minority Member; MacEwen, Assistant Ranking Minority Member; Appleton, Christian, Riccelli, Robinson, Scott, Senn, Smith, Stonier and Warnick.

**Staff:** Steve Masse (786-7115).

**Background:**

Department of Enterprise Services' Statutory Authority for Leasing Facilities.

The Department of Enterprise Services (DES) has the statutory authority to acquire, lease, purchase, and dispose of real estate on behalf of all state agencies except for four-year universities, the Department of Transportation, the Department of Fish and Wildlife, the Department of Natural Resources, the State Parks and Recreation Commission, and the

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Liquor Control Board. This authority includes determining the location, size, and design of real estate and improvements. The Director of the DES is required to adopt standards for facilities that must be approved by the Office of Financial Management (OFM). Before the DES acquires property through leases, purchases, rent, or other means, they must consult with the OFM. The Director of the DES may grant exceptions to the standards and must report to the OFM annually on the exemptions granted.

The DES may delegate their statutory authority for acquiring space for agencies. The DES also charges a fee for services provided for in statute. The DES may not enter into leases longer than 20 years. The OFM must approve any leases longer than 10 years.

The DES is required to report to the Legislature and the OFM annually on exemptions granted to facility efficiency standards, on delegated leases, and all facility leases executed for all agencies in the preceding year.

#### Office of Financial Management Facility Oversight.

The OFM's Facilities Oversight Program was established by the Legislature in 2007 to oversee real estate procurement and management.

The OFM develops six-year facilities plans that are submitted to the Legislature by January 1 of every odd-numbered year. The six-year plan includes agency space requirements and other data necessary for facility planning.

The OFM provides a modified predesign process for space requests to lease, purchase, or build facilities for new state programs, expanded programs, or the relocation of programs including the consolidation of multiple state agency tenants into one facility. The modified predesign includes a problem statement, an analysis of alternatives to address programmatic and space requirements, and proposed locations and a financial assessment, and it must be submitted to the OFM and the Legislature. Projects that are smaller than 20,000 square feet may provide a cost-benefit analysis rather than a life-cycle cost analysis. Major projects, costing \$5 million or more, are not required to prepare a modified predesign.

The OFM's 10-year capital budget plan is required to include agencies' plans for major leased facilities, and agencies may not enter into new or renewed leases of more than \$1 million per year unless the leases have been approved by the OFM, except in the case of an emergency. Agencies must identify operational costs savings, and may not enter into lease agreements for privately owned buildings that are under development unless the Director of the OFM gives prior approval.

#### **Summary of Substitute Bill:**

The Facilities Review Council (Council) is created. The Council's membership consists of four members appointed by the two largest caucuses of the House of Representatives and the Senate, and one member appointed by the Governor.

The Council must review:

- six year plans recommended by the OFM;
- major lease renewals or major lease proposals over 50,000 square feet;

- vacancy rates; and
- lease rates.

Reviews shall include life cycle cost analysis, high performance building measures, locations, square feet per person, and ratio of offices to cubicles.

The Council must make recommendations to the Legislature on leasing policies and appropriation with regard to lease proposals.

The following entities are exempt:

- higher education research or experimental facilities;
- natural resource facilities other than offices and warehouses;
- the Department of Commerce; and
- other nonprofit uses.

**Appropriation:** None.

**Fiscal Note:** Available.

**Effective Date:** The bill takes effect 90 days after adjournment of the session in which the bill is passed.

**Staff Summary of Public Testimony:**

(In support) The Council will make the Legislature more aware of leasing policies and costs and will benefit taxpayers.

(Opposed) None.

**Persons Testifying:** Representative Dunshee, prime sponsor.

**Persons Signed In To Testify But Not Testifying:** None.